

## Message Text

CONFIDENTIAL

PAGE 01 MEXICO 12476 01 OF 04 012355Z

ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 SSO-00 OES-09 INR-10 SS-15

L-03 SP-02 INRE-00 /058 W

-----038682 020026Z /13

O 012333Z AUG 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 1749

C O N F I D E N T I A L SECTION 01 OF 04 MEXICO 12476

STADIS//////////

FOR BOSWORTH FROM LUCEY

E.O.11652:GDS

TAGS:ENRG, MX

SUBJECT: MEXICAN DOMESTIC GAS USE: POSSIBLE INCREASES,  
CONSTRAINTS AND COSTS

1. THE FOLLOWING TEXT WAS PREPARED FOR USE IN DEVELOPING  
A POSITION PAPER TO SUBMIT TO PRESIDENT LOPEZ PORTILLO.  
ANY COMMENTS OR SUGGESTIONS REGARDING THIS TEXT OR THE WAY  
IT SHOULD BE RECAST FOR SUBMISSION TO THE PRESIDENT WOULD  
BE MOST WELCOME.

2. SUMMARY:MEXICO WILL NOT HAVE THE ABILITY TO CONSUME  
ALL OF THE GAS IT CAN PRODUCE UNTIL THE 1990'S. HOWEVER,  
MEXICAN INDUSTRY, INCLUDING THE ELECTRIC ENERGY SECTOR,  
MAY BE ABLE TO CONSUME SIGNIFICANTLY GREATER VOLUMES THAN  
HAD BEEN ESTIMATED BY MAKING A CONCERTED EFFORT TO SWITCH  
FROM OIL TO GAS AS A BOILER FUEL. IN ORDER TO INCREASE  
ITS DOMESTIC GAS CONSUMPTION MEXICO WILL HAVE TO TRIPLE  
ITS NATURAL GAS PIPELINE THRU-PUT AND COMPLETE ITS PRO-  
CESSING PLANT CONSTRUCTION. THE COST OF PUTTING THESE  
FACILITIES IN PLACE WILL BE NEARLY \$5.0 BILLION OVER THE  
NEXT 12-17 YEARS. THE LOST REVENUE FROM EXPORTING FUEL  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 12476 01 OF 04 012355Z

OIL AS OPPOSED TO NATURAL GAS WILL BE UPWARDS OF \$6.7  
BILLION. SHOULD MEXICO DETERMINE TO SHUT-IN THE EXPECTED  
NON-ASSOCIATED GAS THAT IT CANNOT USE DOMESTICALLY, THE  
LOST REVENUE WILL BE AN ADDITIONAL \$6.6 BILLION. THE TOTAL  
COST OF MEXICO'S DECISION TO USE MORE GAS DOMESTICALLY IS  
LIKELY TO BE BETWEEN \$11.7 TO \$18.3 BILLION BETWEEN 1980  
AND 1995. END SUMMARY.

3. PRODUCTION: PEMEX OFFICIALS, WHEN DEFENDING EXPORTS OF GAS TO THE U.S. LAST FALL, DESCRIBED TWO LEVELS OF PRODUCTION: ONE THAT INCLUDES FULL EXPECTED PRODUCTION FROM THOSE FIELDS WHICH ARE NOW CHARACTERIZED AS PROBABLE; AND ANOTHER THAT ASSUMED ONLY 75 PERCENT OF EXPECTED PRODUCTION WOULD BE ATTAINED IN THESE FIELDS. ALL OF PEMEX'S PUBLICLY ANNOUNCED EXPORT PLANS WERE BASED ON THE MORE CONSERVATIVE FIGURES. A THIRD LEVEL OF PRODUCTION IS ALSO POSSIBLE. NEARLY 50 PERCENT OF MEXICO'S EXPECTED GAS PRODUCTION IS NON-ASSOCIATED AND THUS COULD BE SHUT-IN WITH NO LOSS OF OIL PRODUCTION. HOWEVER, SOME OF THE NON-ASSOCIATED GAS IS LINKED TO ONGOING OPERATIONS AND STILL MORE OF THIS GAS IS QUOTE WET UNQUOTE. SHUTTING-IN QUOTE WET UNQUOTE GAS ENTAILS LOSING LIQUIFIED PETROLEUM GAS (LPG) PRODUCTION AND IT IS UNLIKELY THAT THE GOM WOULD GIVE UP THIS SOURCE OF REVENUE. THE FOLLOWING TABLE GIVES ESTIMATES OF HIGH, CONSERVATIVE, AND MINIMAL LEVELS OF EXPECTED PRODUCTION:

TABLE I EXPECTED GAS PRODUCTION IN MILLIONS OF CUBIC

FEET PER DAY (MMCFD)

	1980	1985	1990	1995
HIGH	4694	5808	6481	7170
CONSERVATIVE	4469	5038	5379	5554
MINIMAL	3521	3779	4034	4166

CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MEXICO 12476 01 OF 04 012355Z

THE MINIMAL LEVEL OF PRODUCTION ASSUMES THAT 50 PERCENT OF THE EXPECTED NON-ASSOCIATED GAS PRODUCTION CAN BE SHUT-IN WITH NO LOSS OF LPG PRODUCTION AND WITHOUT INTERFERING WITH ONGOING OPERATIONS.

4. CONSUMPTION WITH EXPORTS: PRIOR TO THE ANNOUNCEMENT THAT GAS WOULD BE USED DOMESTICALLY MEXICO'S ESTIMATES OF ITS FUTURE NATURAL GAS CONSUMPTION WERE BASED ON THE ASSUMPTIONS THAT NO GAS WOULD BE USED FOR NEW STEAM GENERATING PLANTS AND THAT GROWTH IN DEMAND COULD BE HELD TO 4 PERCENT PER ANNUM. THE ESTIMATES ALSO ASSUMED, HOWEVER, THAT ALL INDUSTRIAL OPERATIONS FOR WHICH GAS IS THE PREFERRED FUEL WOULD CONVERT TO GAS.

5. UNDER THESE ASSUMPTIONS MEXICO'S DOMESTIC DEMAND WAS EXPECTED TO BE:

TABLE 2

DOMESTIC DEMAND UNDER EXPORT PROGRAM IN MMCFD

1980 1985 1990 1995

2027 2337 2703 3002

6. POSSIBLE ADDITIONAL USAGE: MEXICO HAS SUBSEQUENTLY ANNOUNCED THAT IT WILL USE ITS GAS PRODUCTION TO SATISFY DOMESTIC DEMAND BEFORE ANY EXPORTS ARE CONSIDERED. THE FOLLOWING ARE AREAS IN WHICH MEXICO CAN INCREASE ITS DOMESTIC GAS CONSUMPTION.

A. PEMEX: PEMEX'S OWN PLANNED USAGE WAS FIGURED INTO THE DEMAND ESTIMATES. WE ASSUME THAT SINCE INCREASED OIL PRODUCTION HAS ALWAYS BEEN THE PRIME CONCERN, PEMEX HAS ALREADY WORKED ITS OPTIMAL CONSUMPTION INTO THE ESTIMATES.  
CONFIDENTIAL

CONFIDENTIAL

PAGE 04 MEXICO 12476 01 OF 04 012355Z

LITTLE OR NO INCREASED CONSUMPTION IS LIKELY IN THE PETROLEUM SECTOR WITHOUT ADDITIONAL CAPITAL EXPENDITURE. PEMEX NORMALLY USES ABOUT 37 PERCENT OF MEXICO'S GAS PRODUCTION. THIS PERCENTAGE, HOWEVER, DOES NOT INCLUDE SUCH SUPPLY REDUCTIONS AS FLARING, REINJECTION OR LIQUID EXTRACTION (THE PROCESS BY WHICH "WET" GAS IS STRIPPED OF ITS

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MEXICO 12476 02 OF 04 020003Z

ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 SSO-00 OES-09 INR-10 INRE-00

SS-15 L-03 SP-02 /058 W

-----038745 020027Z /13

O 012333Z AUG 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC IMMEDIATE 1750

C O N F I D E N T I A L SECTION 02 OF 04 MEXICO 12476

STADIS//////////

NON-METHANE CONSTITUENTS). BOTH LIQUID EXTRACTION AND REINJECTION HAVE ENGINEERING CONSTRAINTS, I.E., THE EXTRACTION PLANTS HAVE LIMITED CAPACITY AND REINJECTION WORKS WELL ONLY

FOR RELATIVELY SHALLOW FORMATIONS CONTAINING LIGHT LIQUIDS. FLARING IS THE ONLY MAJOR VARIABLE AMONG THESE SUPPLY REDUCTIONS. PEMEX'S ESTIMATE OF FLARING, LIQUIDS EXTRACTION, AND REINJECTION ARE:

TABLE 3

SUPPLY REDUCTIONS: FLARING, REINJECTION AND LIQUIDS EXTRACTION IN MMCFD

1980	1985	1990	1995
523	590	664	685

B. THE ELECTRIC SECTOR: THE ELECTRIC POWER INDUSTRY WILL BE THE EASIEST FOR THE GOM TO CAUSE TO SWITCH FROM OIL TO GAS. IN 1976 THE ELECTRIC SECTOR USED ABOUT 93,000 B/D OF COMBUSTOLEO, OR THE EQUIVALENT OF 548 MMCFD OF GAS IN STEAM GENERATING PLANTS. THE ELECTRIC SECTOR ALSO USED 20,000 B/D OF DIESEL FUEL. BUT, SINCE THE DIESEL FUELED PLANTS TEND TO BE RELATIVELY SMALL AND ARE GENERALLY OUT

CONFIDENTIAL

PAGE 02 MEXICO 12476 02 OF 04 020003Z

OF THE MAJOR INDUSTRIAL CENTERS, IT IS NOT REASONABLE TO ASSUME THAT THE GOM WILL FORCE THEM TO CONVERT. MOREOVER, ONLY ABOUT 60 PERCENT OF THE STEAM GENERATING OIL-FIRED PLANTS ARE WITHIN THE RANGE OF THE EXISTING OR CURRENTLY PLANNED GAS PIPELINE SYSTEM. THUS THE LARGEST CONVERSION POSSIBLE WOULD BE ABOUT 329 MMCFD OF GAS WHICH WOULD DISPLACE 56,000 B/D OF FUEL OIL. THE ELECTRIC INDUSTRY ESTIMATES THAT BY 1985 IT WILL HAVE INCREASED ITS CAPACITY TO THE EXTENT THAT ITS OIL-FIRED STEAM GENERATING PLANTS WILL USE 175,000 B/D OF COMBUSTOLEO. HOWEVER, 60 PERCENT OF THE PLANNED NEW CONSTRUCTION OF SUCH PLANTS IS WELL BEYOND THE REACH OF THE GAS PIPELINE SYSTEM. THIS MEANS THAT BY 1985 THE GOM WILL BE ABLE TO SHIFT ONLY 50 PERCENT OF ITS OIL USING PLANTS TO GAS. THOSE PLANTS THAT COULD BE SHIFTED WOULD USE ABOUT 565 MMCFD OF GAS DISPLACING 96,000 B/D OF COMBUSTOLEO.

TABLE 4

POSSIBLE ADDITIONAL GAS USE BY THE ELECTRIC SECTOR IN MMCFD

1980	1985	1990	1995
418	565	764	1033

C. INDUSTRIAL SECTOR: MOVING THE INDUSTRIAL SECTOR AWAY

FROM COMBUSTOLEO TO GAS WILL BE SOMEWHAT MORE DIFFICULT FOR THE GOVERNMENT. SOME CURRENT COMBUSTOLEO USERS HAVE BEEN FORCED TO USE THIS FUEL AND WILL READILY RECONVERT. OTHERS MAY BALK AT THE ADDITIONAL FUEL EXPENSE (ABOUT \$1.05/B EQUIVALENT - SEE COSTS SECTION), THE COST OF CONVERSION AND THE COST OF LINKING UP TO THE PIPELINE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MEXICO 12476 02 OF 04 020003Z

SYSTEM (PEMEX EXPECTS THAT NEW USERS WILL FOOT THE COST OF LINKING UP TO THE MAJOR PIPELINE SYSTEM MUCH AS ELECTRIC UTILITY CUSTOMERS PAY FOR THE LINES LINKING THEM TO THE MAIN ELECTRIC SYSTEM). ASSUMING THESE PROBLEMS CAN BE OVERCOME, THE INSTITUTO MEXICANO DE PETROLEO (A RESEARCH GROUP ATTACHED TO THE GOM) ESTIMATES THAT 80 PERCENT OF THE COUNTRY'S INDUSTRIAL SECTOR IS WITHIN REACH OF THE EXISTING OR CURRENTLY PLANNED PIPELINE SYSTEM. ASSUMING THIS IS THE CASE, THE FOLLOWING CONVERSIONS ARE POSSIBLE:

TABLE 5

POSSIBLE ADDITIONAL GAS USE BY THE INDUSTRIAL SECTOR  
IN MMCFD

1980	1985	1990	1995
555	690	1206	1473

D. POSSIBLE TOTAL GAS USE: LITTLE OR NO ADDITIONAL GAS USE IS LIKELY IN THE RESIDENTIAL, AGRICULTURAL OR TRANSPORTATION SECTORS IN THE FORESEEABLE FUTURE. LIKELY ADDITIONAL GAS USE WILL INCLUDE PEMEX'S OWN SUPPLY REDUCTIONS (WITH FLARING AS THE MAJOR VARIABLE) AND INCREASED CONSUMPTION BY THE ELECTRIC POWER GENERATION AND INDUSTRIAL SECTORS. TOTAL POSSIBLE GAS USE CAN THEN BE ESTIMATED BY ADDING THESE FIGURES TO THE EXPECTED USE:

TABLE 6

ESTIMATED POSSIBLE GAS USE - IN MMCFD

	1980	1985	1990	1995
EXPECTED USE				
WITH EXPORTS	2027	2337	2703	3002

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MEXICO 12476 03 OF 04 020010Z  
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 SSO-00 OES-09 INR-10 INRE-00  
SS-15 L-03 SP-02 /058 W  
-----038819 020029Z /13

O 012333Z AUG 78  
FM AMEMBASSY MEXICO  
TO SECSTATE WASHDC IMMEDIATE 1751

C O N F I D E N T I A L SECTION 03 OF 04 MEXICO 12476

STADIS

PEMEX FLARING, 523 590 644 685  
REINJECTION, AND  
LIQUID EXTRACTION

INCREASED USE BY:

THE ELECTRIC  
POWER INDUSTRY 418 565 764 1033

THE INDUSTRIAL  
SECTOR 555 690 1206 1473

TOTAL 3523 4182 5317 6393

IN ALL BUT THE WORST CASE, I.E., MINIMAL PRODUCTION AND  
MAXIMUM CONSUMPTION, THERE IS A SUBSTANTIAL EXPORTABLE  
SURPLUS INTO THE 1990'S.

7. CONSTRAINTS: THERE ARE TWO MAJOR CONSTRAINTS ON MEXICO'  
GAS USE: GAS PROCESSING FACILITIES; AND THE TRANSPORTATION  
SYSTEM.

A. PROCESSING FACILITIES: PEMEX'S PLANS CALL FOR THE  
CONSTRUCTION OF SWEETENING PLANTS (TO REMOVE CORROSIVE  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 12476 03 OF 04 020010Z

MATERIALS, PRINCIPALLY SULFUR) SUFFICIENT TO PROCESS  
3,500 MMCFD BY 1982. PEMEX IS ALSO BUILDING CRYOGENIC  
PLANTS (TO STRIP OFF THE LPG'S) CAPABLE OF PROCESSING  
3,900 MMCFD. FAILURE TO MEET THESE GOALS WILL LIMIT THE  
AMOUNT OF GAS MEXICO HAS AVAILABLE. IT SHOULD BE NOTED  
THAT PEMEX ESTIMATED THAT IT COULD PRODUCE AN AVERAGE OF  
3,400 MMCFD OF GAS THIS YEAR. HOWEVER, BECAUSE OF DELAYS  
IN THE CONSTRUCTION OF PROCESSING FACILITIES, PEMEX WILL

PRODUCE AN AVERAGE OF ONLY 2,500 MMCFD. THE DELAYS WILL ALSO FORCE PEMEX TO FLARE ADDITIONAL GAS THIS YEAR.

B. PIPELINES: MEXICO'S ABILITY TO TRANSPORT GAS WILL BE THE MAJOR CONSTRAINT ON INCREASING DOMESTIC USE. CURRENTLY, THERE ARE TWO MAJOR GAS TRANSPORT SYSTEMS IN MEXICO: THE NORTHERN SYSTEM, WHICH SUPPLIES THE TEXAS BORDER AREA, MONTERREY AND NORTH CENTRAL MEXICO; AND THE SOUTHERN SYSTEM WHICH SUPPLIES THE AREA FROM THE PRODUCING ZONES IN THE SOUTH TO THE MEXICO CITY AREA AND GUADALAJARA.

THE NORTHERN SYSTEM HAS A THRU-PUT OF ABOUT 460 MMCFD AND IS PRESENTLY UNDERUTILIZED BY ABOUT 160 MMCFD. THE SOUTHERN SYSTEM HAS A CAPACITY OF ABOUT 1,200 MMCFD WHICH IS BEING FULLY USED. PLANS AT THIS TIME CALL FOR AN ADDITIONAL LINE FROM THE PRODUCING AREAS TO MEXICO CITY WITH A CAPACITY OF 900 MMCFD AS WELL AS INCREASED NETWORKS WITHIN BOTH THE MEXICO CITY AREA AND GUADALAJARA. WHILE WE ARE UNAWARE OF ANY OTHER FIRM MAJOR CONSTRUCTION PLANS, DIAZ SERRANO HAS MENTIONED THE POSSIBILITY OF RUNNING A PIPELINE FROM CIUDAD PEMEX TO MERIDA. THIS LINE IS UNLIKELY TO CARRY MORE THAN 300 MMCFD, DESPITE PLANS TO INDUSTRIALIZE THE YUCATAN.

TOTAL EXISTING AND PLANNED PIPELINE THRU-PUT (SEE ATTACHED  
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 MEXICO 12476 03 OF 04 020010Z

MAP) IS AROUND 2,860 MMCFD, WELL SHORT OF THE CAPACITY NECESSARY TO FULLY CONVERT THE ELECTRIC AND INDUSTRIAL SECTORS FROM OIL TO GAS. MOREOVER, ADDING COMPRESSOR STATIONS TO THIS SYSTEM IS UNLIKELY TO ADD MORE THAN 500 MMCFD OF THRU-PUT.

THE MOST IMMEDIATE IMPACT OF THE SHORTAGE OF PIPELINE CAPACITY WILL BE FELT NEXT SPRING WHEN THE 48-INCH LINE FROM CHIAPAS-TABASCO TO MONTERREY IS COMPLETE. THE NATURAL PRESSURE THRU-PUT OF THIS LINE WILL BE 800 MMCFD. HOWEVER, AS HAS BEEN NOTED, THE NORTHERN SYSTEM CAN ONLY HANDLE 460 MMCFD. IF MEXICO SHUTS-IN ALL OF ITS NON-ASSOCIATED, NON-DEDICATED GAS PRODUCTION IT WILL STILL HAVE AROUND 400 MMCFD THAT IT MUST EITHER FLARE OR EXPORT. IF GAS PRODUCTION IN THIS AREA IS NOT SHUT-IN THE SURPLUS WILL BE ON THE ORDER OF 600 MMCFD.

IF MEXICO IS TO USE ITS GAS DOMESTICALLY, IT WILL HAVE TO BEGIN IMMEDIATELY TO TRIPLE ITS CURRENT THRU-PUT BY 1995.

8. COSTS: MEXICO'S INCREASED GAS USE WILL ENTAIL BOTH HUGE CAPITAL EXPENSES AND LOST FOREIGN EXCHANGE.

A. CAPITAL COSTS: THE 48-INCH PIPELINE CURRENTLY UNDER CONSTRUCTION WILL NOT MARKEDLY INCREASE MEXICO'S GAS THRU-PUT. IT WILL MERELY LINK THE TWO EXISTING SYSTEMS INTO A NATIONAL NETWORK. IF MEXICO IS TO USE ITS GAS DOMESTICALLY TO THE FULLEST EXTENT POSSIBLE, IT WILL HAVE TO BUILD AN ADDITIONAL 3000 MMCFD OF PIPELINE CAPACITY BY 1995. THE TOTAL COST OF THE INCREASED CAPACITY WILL BE AT LEAST \$5.0 BILLION, I.E., \$2.0 BILLION FOR THE 48-INCH LINE AND GAS PROCESSING PLANTS CURRENTLY UNDER CONSTRUCTION AND \$3.0

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 MEXICO 12476 04 OF 04 020014Z  
ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 SSO-00 OES-09 INR-10 INRE-00  
SS-15 SP-02 L-03 /058 W  
-----038854 020030Z /13

O 012333Z AUG 78  
FM AMEMBASSY MEXICO  
TO SECSTATE WASHDC IMMEDIATE 1752

C O N F I D E N T I A L SECTION 04 OF 04 MEXICO 12476

STADIS

BILLION FOR THE EXPANSION IN THRU-PUT.

ASSUMING A ZERO WELL-HEAD PRICE, A 15 PERCENT RETURN ON INVESTED CAPITAL AND A 15-YEAR AMORTIZATION SCHEDULE, PEMEX WOULD HAVE TO CHARGE AT LEAST \$0.51/MCF TO BREAK EVEN. THIS REPRESENTS A 45 PERCENT PRICE INCREASE THAT WOULD EITHER HAVE TO BE BORNE BY CONSUMERS OR SUBSIDIZED BY THE GOVERNMENT.

B. FOREIGN EXCHANGE COSTS: THE PROCESS OF SWITCHING OIL-FIRED PLANTS TO GAS WILL FREE "COMBUSTOLEO", A HEAVY, HIGHLY SULFUROUS MATERIAL THAT WILL SELL AS RESIDUAL FUEL OIL ON WORLD MARKETS. THE CURRENT SELLING PRICE FOR THIS FUEL IS ABOUT \$11.00/B. MEXICO COULD DETERMINE TO UPGRADE ITS REFINERIES SO THAT A BETTER QUALITY, HIGHER PRICED PRODUCT COULD BE EXPORTED. THIS, OF COURSE, WOULD ENTAIL ADDITIONAL CAPITAL COSTS.

ASSUMING THE GOM DOES NOT SHUT-IN ANY PRODUCIBLE GAS AND EXPORTS ITS SURPLUS IT WILL NOT SUFFER A MAJOR FOREIGN EXCHANGE LOSS. THIS HOLDS EVEN IF COMBUSTOLEO, RATHER



THAN CRUDE OIL OR OTHER MORE VALUABLE PRODUCTS, IS PLACED  
ON THE WORLD MARKET. IF, ON THE OTHER HAND, THE GOM DE-  
TERMINES TO SHUT-IN ITS SURPLUS GAS PRODUCTION THE FOREIGN  
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 MEXICO 12476 04 OF 04 020014Z

EXCHANGE LOSSES WILL BE SUBSTANTIAL. BY COMPARING THE  
PRODUCTION FIGURES IN TABLE 1 WITH THE POSSIBLE TOTAL  
CONSUMPTION FIGURES IN TABLE 6, WE CAN CALCULATE MEXICO'S  
FOREIGN EXCHANGE LOSSES.

TABLE 7

FOREIGN EXCHANGE LOSSES IN MILLIONS OF DOLLARS PER YEAR

	1980	1985	1990	1995
LOSSES RESULTING FROM THE PRICE DIFFERENCE BETWEEN COMBUSTOLEO AND GAS	259	334	524	667
LOSSES FROM GAS SHUT-IN	898	812	59	-
TOTAL	1157	1147	583	667

THE COST OF A MEXICAN DECISION TO USE ITS GAS DOMESTICALLY  
AND EXPORT ANY SURPLUSES WOULD BE ABOUT \$11.7 BILLION OVER  
THE NEXT 12 YEARS. IF MEXICO DETERMINES NOT TO SELL ANY  
GAS TO THE U.S., ITS COSTS WILL BE ABOUT \$18.3 BILLION.  
LUCEY

CONFIDENTIAL

NNN

## Message Attributes

**Automatic Decaptioning:** Z  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** COSTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 01 aug 1978  
**Decaption Date:** 20 Mar 2014  
**Decaption Note:** 25 YEAR REVIEW  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978MEXICO12476  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780315-0383  
**Format:** TEL  
**From:** MEXICO  
**Handling Restrictions:**  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t197808113/aaaadqmp.tel  
**Line Count:** 473  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 962a6b59-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** CONFIDENTIAL  
**Original Handling Restrictions:** STADIS  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 9  
**Previous Channel Indicators:** n/a  
**Previous Classification:** CONFIDENTIAL  
**Previous Handling Restrictions:** STADIS  
**Reference:** n/a  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 21 jul 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1579224  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** MEXICAN DOMESTIC GAS USE: POSSIBLE INCREASES, CONSTRAINTS AND COSTS  
**TAGS:** ENRG, MX  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odbc://SAS/SAS.dbo.SAS\_Docs/962a6b59-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014